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15 May 1961

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# CENTRAL INTELLIGENCE BULLETIN



State Dept. review completed

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4. Iran: Several high-ranking officers arrested. (*page ii*)
5. Monrovia conference takes usual African nationalist line on Angola and South Africa, cautious line on Congo and Algeria. (*page iii*)
6. Austrian Government expanding purchases from the bloc. (*page iv*)

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 Iran: [Former Prime Minister Eqbal has been summoned by a government investigator for questioning in connection with the rigging of last year's elections. Other]


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25X1 [developments appear to substantiate rumors which have been circulating in Tehran for several days that a number of high-ranking officers are to be arrested. 25X1

25X1 [The former ministers of interior and of finance as well as the former director of the fisheries administration were also reported arrested. The fisheries administration oversees the export of Iranian caviar and is, therefore, a lucrative source of graft. Those arrested have long been identified in the public mind with some of the more flagrant abuses of position, and the Shah probably estimated that the favorable public reaction would more than offset their influence in the army or political circles. The arrests also provide Prime Minister Amini with the first of the "spectacular" moves he hopes to make to impress the public with his determination to be effective. 25X1

Africa: The conference in Monrovia of 20 moderate African states ended on 12 May after agreeing to reconvene in Lagos soon--possibly before the next UN General Assembly session, where they intend to present a united front. The meeting's final communiqué adopts the standard African nationalist lines on Angola and South Africa; however, since many of the participants are sympathetic toward France and Katanga, it takes a cautious line on the Congo and Algeria. The participating countries have agreed in principle that at the next meeting in Lagos they will set up an "African co-operation organization" which would include machinery for settling disputes among members. The conference also agreed to establish a body for economic and cultural cooperation. The refusal of the radical African states--Ghana, Guinea, Mali, Morocco, and the UAR--to attend has strengthened the trend on the continent toward division into moderate and radical blocs. 25X1

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Austria-USSR: The Austrian Government has been expanding its purchases from the Soviet bloc at the insistence of Austrian manufacturers who are eager to increase their sales to the bloc. Soviet propaganda does all it can to encourage and strengthen this pressure for more trade with the bloc. The main areas of discrimination against US imports appear to be in certain agricultural imports and coal products which are controlled by state trading companies or state monopolies.

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### Austrian Trade Discrimination Favors Soviet Bloc

Because of the essentially barter nature of the trade with Eastern Europe, the volume of trade between Austria and the Soviet bloc is dependent ultimately on the volume of bloc sales in Austria. Austrian trade with the bloc has increased steadily over the last five years, but in 1960 seemed to level off at about 15 percent of total trade. Austrians have long hoped to expand this figure to 20 or 25 percent. Khrushchev raised Austrian hopes during his visit to Austria last year by stating that he was prepared to buy everything Austria produced providing Austria was willing to buy an equal amount from him.

Austria recently placed grain imports under a state trading system in the belief that grain is one of the few products it needs which the bloc can readily supply. In September 1960 a contract for 45,000 metric tons of corn was awarded by this semiofficial Grain Board, which, in contrast to previous practice, stipulated the Soviet Union as the sole source of supply. Subsequent contracts, with the same stipulation, were placed for 50,000 metric tons of corn and 30,000 metric tons of barley. At the same time, feed corn could have been bought from free world sources--including the United States--at prices 14 to 18 percent lower.

The US share of the Austrian tobacco market, a state monopoly, has been declining, while leaf tobacco imports from the bloc have increased from 6 percent of Austria's tobacco imports in 1958 to 14 percent in 1960. US coal imports have also been declining, while bloc exports have risen from 37 percent of Austria's bituminous coal imports in 1958 to 52 percent in 1960.

The embassy has reason to believe that the Austrian Government does request and exert pressure on private business organizations to purchase certain commodities from the bloc rather than from free world sources. This pressure on private firms, as distinguished from nationalized firms, is exercised through import licensing controls.

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